

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 SP-02 ACDA-05 MC-02 PM-03 TRSE-00

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C O R R E C T E D C O P Y (PARA 4 8TH LINE)

E. O. 11652: N/A

TAGS: MASS, FR, BE

SUBJ: F-104 REPLACEMENT

1. LE MONDE OF APRIL 10 CARRIED STORY REPORTING
ARTICLES IN LATEST ISSUES OF AVIATION WEEK AND AERO-
SPACE DAILY ON F-104 REPLACEMENT. ARTICLES IN BOTH
MAGAZINES SAID TO BE BASED ON PENTAGON SOURCES.
AVIATION WEEK STORY PROVIDES BASIS FOR MAJOR HEADING
OF LE MONDE ARTICLE: "NATO EXPERTS CONFIRM SUPERIORITY
OF GENERAL DYNAMICS' F-16 OVER MIRAGE F-1." AEROSPACE
DAILY ARTICLE IS DRAWN ON FOR LE MONDE ARTICLE'S SUB-
HEADING: "THE PRICE OF THE AMERICAN AIRCRAFT IS RISING."
2. AEROSPACE DAILY IS SAID TO CITE STUDY DONE BY DOD
COST ANALYSIS IMPROVEMENT GROUP INDICATING FLY-AWAY
COST OF F-16 HAS INCREASED FROM \$4.6 MILLION TO \$5.6
MILLION AND ESTIMATE OF GLOBAL COST OF PRODUCTION MODEL
AIRCRAFT INCLUDING FINISHING DEVELOPMENTAL TOUCHES
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HAS RISEN FROM \$6.7 MILLION TO \$8 MILLION. THIS SAID

TO COMPARE TO COST OF \$6.1 MILLION SERVING AS BASIS FOR DECISION BY CONSORTIUM COUNTRIES. US AIR FORCE IS SAID TO CONTEST ABOVE ESTIMATES AND TO CONTEND THAT GLOBAL COST OF F-16 TODAY IS \$6.3 MILLION. LE MONDE CONCLUDES BY REPORTING AEROSPACE DAILY SAYS US AIR FORCE PREFERS STICK TO PRUDENT COST ESTIMATE PENDING EUROPEAN DECISION ON F-104 REPLACEMENT, AND COST INCREASES WILL RESULT FROM PLANNED MODIFICATIONS IN F-16, I.E., ADDED WEIGHT, STRETCHED FUSELAGE AND LONGER WING AS WELL AS "A HUNDRED OTHER MINOR IMPROVEMENTS."

3. APRIL 10 MORNING PRESS AS WELL AS APRIL 11 LE MONDE (DELIVERED AFTERNOON APRIL 10) REPORT PRESS CONFERENCE APRIL 9 BY VALLIERES, PRESIDENT-DIRECTOR GENERAL OF DASSAULT. ONE OF POINTS ON WHICH VALLIERES ZEROED IN WAS THE QUESTION OF PRICE. WHILE ADMITTING F-16 BEING OFFERED TODAY AT PRICE LOWER THAN F1-M53, VALLIERES CONTENDED THAT COMPARISON OF THE TWO AIRCRAFT ON BASIS PRICE WAS NOT POSSIBLE AND NO ONE COULD SAY THAT PRICE

ADVANTAGE OF F-16 WILL BE MAINTAINED. AFTER RECALLING THAT F1-M53 PRICE IS GUARANTEED BECAUSE OF BUILT-IN HEDGE AGAINST INFLATION, HE ARGUED THAT US PRICE OFFERED NO SUCH GUARANTEE AND CURRENT PRICE ESTIMATE BASED ON "PROTOTYPE" F-16 "WILL VARY" AS A RESULT OF UNFORESEEN TECHNICAL MODIFICATIONS, UNCERTAINTIES OF MONETARY SITUATION, GENERAL PRICE RISES, AND SIZE OF THE ORDER BOOKS.

4. VALLIERES IS ALSO REPORTED TO HAVE DENOUNCED "AMERICAN HEGEMONY AS REGARDS SALE OF CIVIL AND MILITARY AERONAUTICAL EQUIPMENT." SUPPORTED BY PIERRE FRANCOIS, SECRETARY GENERAL OF DASSAULT, VALLIERES TROTTED OUT THE WELL-WORN ARGUMENT THAT CHOICE OF F1-M53 AS REPLACEMENT FOR F-104 WAS "OCCASION NOT TO BE MISSED" FOR STRENGTHENING EUROPEAN AIRCRAFT INDUSTRY. VALLIERES ALSO TOOK ISSUE WITH CLAIMS THAT IN MOST RESPECT OPERATIONAL PERFORMANCE OF F1-M53 WAS INFERIOR TO THAT OF F-16.

5. COMMENT: DASSAULT AND GOF WILL OBVIOUSLY SEEK TO EXPLOIT EVERY OPENING OFFERED AS THEY MAKE IN EXTREMIS EFFORT TO INFLUENCE DECISION IN FAVOR OF F1-M53. WE CAN LIMITED OFFICIAL USE

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EXPECT THEM TO HAMMER AWAY FURTHER ON THE THREE KEY POINTS OF PRICE, PERFORMANCE, AND THE "EUROPEAN" SOLUTION. AEROSPACE DAILY STORY PLAYS RIGHT INTO THEIR HANDS. WOULD THEREFORE BE HELPFUL HAVE SOONEST ANY BACKGROUND ON AEROSPACE DAILY STORY AND MEANS OF REFUTING IT IF POSSIBLE. WHILE WE ARE NOT CERTAIN THAT BEST TACTIC HERE IN PARIS AT THIS STAGE IS TO RISE TO THE BAIT AND SET RECORD STRAIGHT, THERE MAY BE INDIRECT

WAYS IN WHICH THIS END CAN BE ACHIEVED IF NECESSARY.
IN ANY CASE, WE WOULD LIKE TO BE ARMED WITH REBUTTAL
MATERIAL ON A CONTINGENCY BASIS.
RUSH

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